



June 11, 2010

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VIA ECF

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, D.C. 20554

Re: Proceedings GN 09-191, WC 07-52 and WT 08-7

Dear Ms. Dortch:

On June 10, 2010, Jared Reitzen, CEO of mobileStorm, Inc.; Jeff Sass, Vice President Business Development of Myxer, Inc.; Jason Koslofsky and I met with the following individuals of the Wireless Telecommunications Bureau: Jim Schlichting, John Leibovitz, and Paul Murray. In addition, we also met with David Goldman, Legal Advisor to Chairman Genachowski.

The purpose of the meeting was to introduce the Mobile Internet Content Coalition to the Commission and to discuss the Coalition's filings in the Open Internet proceedings GN 09-191 and WC 07-52, as well as the Text Messaging Declaratory Ruling Proceeding WT 08-7. We distributed the attached material, which served as the basis for discussion.

If you have any questions or need additional information, please contact me.

Respectfully submitted,

/s/

Michael B. Hazzard
Counsel to Mobile Internet Content Coalition

Attachment

cc: *(By Electronic Mail)*
Jim Schlichting
John Leibovitz
Paul Murray
David Goldman



The real-world need for an open
mobile Internet

June 10, 2010

GN 09-191, WC 07-52, WT 08-7

What is the MICC?

The MICC Mission:

The MICC believes that consumers should have the unfettered ability to access the mobile content of their choosing via a web browser, SMS message, or any other technologically feasible means. All “open” Internet standards and practices that would apply to the wired web should equally apply to the wireless web.

Who is the MICC?

Founding Members:



- Ⓜ entrepreneurial
- Ⓜ innovative
- Ⓜ enabling **millions** of consumers to access the content they want
- Ⓜ enabling **thousands** of businesses to leverage mobile

Myxer

- ⏻ Leading US source of mobile entertainment
 - ⏻ music, images, ringtones, video, apps
 - ⏻ Founded in 2005
- ⏻ A Top 10 US Mobile Website
- ⏻ Over 35 million US consumers
- ⏻ Over 1.3 billion mobile downloads
- ⏻ Carrier and Platform Agnostic



4INFO

- ⏻ Mobile Media Company
 - ⏻ Free Ad-Supported Text Message Alerts
 - ⏻ SMS Advertising & Marketing
 - ⏻ SMS Publishing
- ⏻ Largest SMS Ad Network in the U.S.
- ⏻ Over 40 million consumer users
- ⏻ Over 300 SMS publishing partners (AOL, Discovery Communications, Gannett)



mobileStorm

- ⚡ Leading U.S. Digital Marketing Platform & Services Company

- ⚡ SMS, Email, Mobile Applications & Strategic Advice

- ⚡ Founded in 1999

- ⚡ 2,000 customers (American Idol, Kaiser Permanente, NASCAR, Overstock.com)

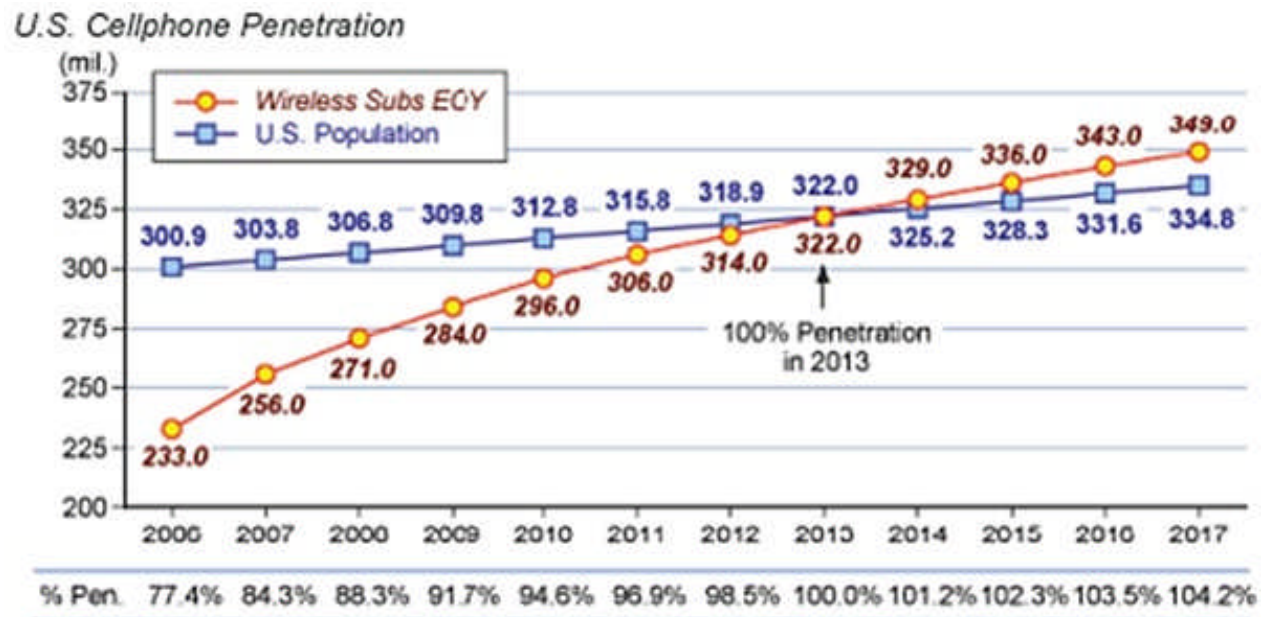
- ⚡ Over 3 Billion Messages Sent

- ⚡ Inc. Magazine “Best For Sending Text Messages”



We Live In A Mobile World

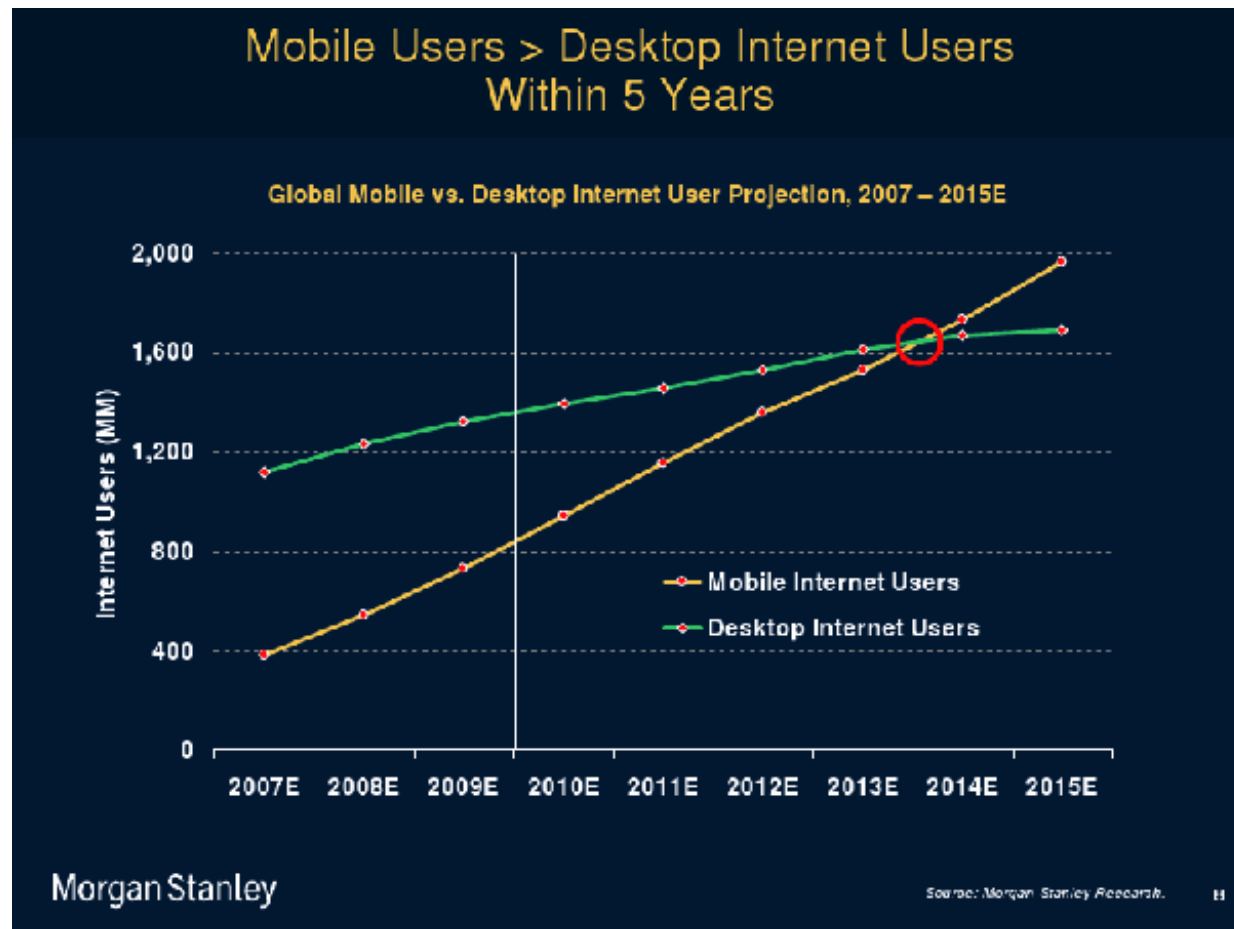
- US Mobile Phone Penetration (Source: SNL Kagan)



Source: SNL Kagan, a division of SNL Financial LC, estimates.

We Live In A Mobile World

- Mobile Will Be Primary Internet Access Point



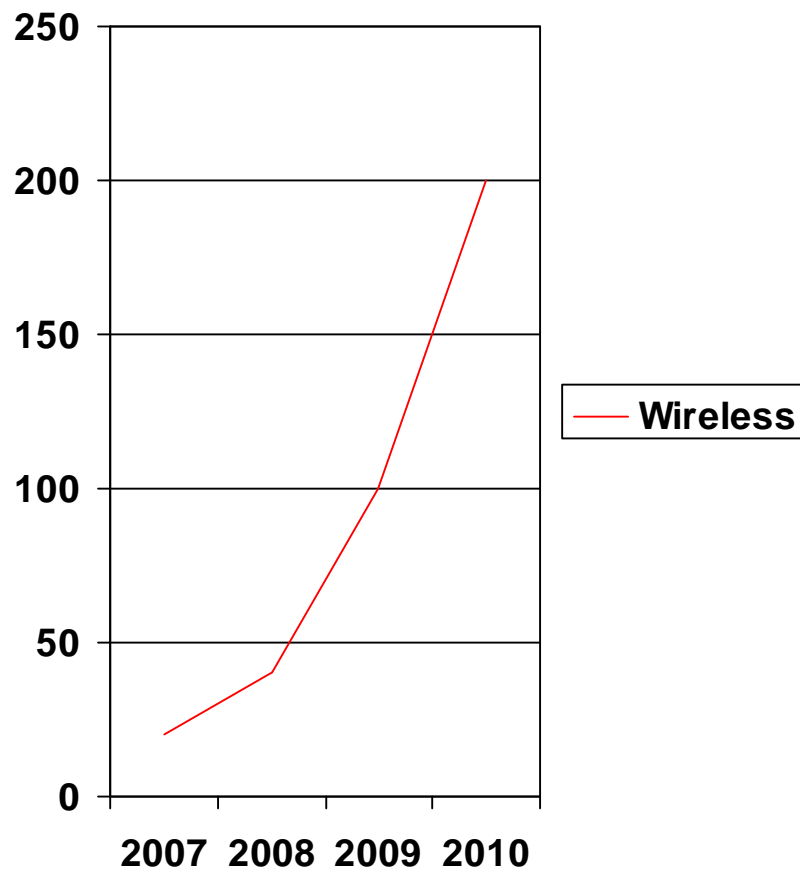
(Source: Morgan Stanley)

We Live In A Mobile World

- *Everyone* relies on their mobile device!

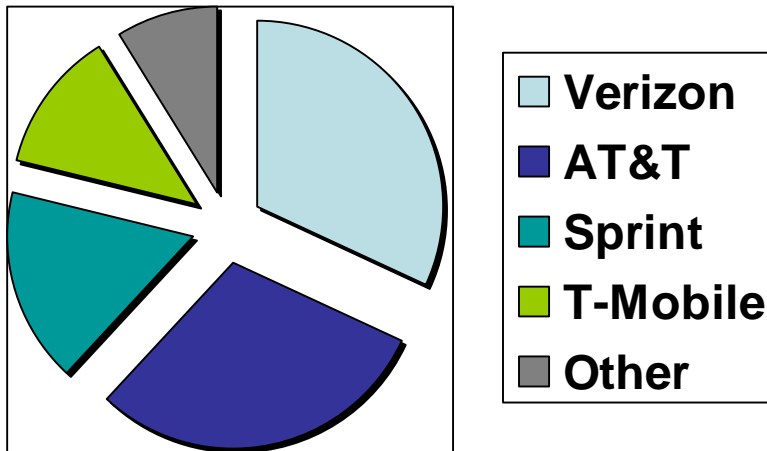


Content Explosion



- 25% of households are all wireless
- More data than minutes being used
- Top country in text messages per subscriber

Wireless carrier dominance



🔌 4 control 90%

🔌 2 control 60%

U.S. lags behind the world

🔌 South Korea – 3.9M gifts by text



🔌 (Giiv – gift by text just starting in US)

🔌 Estonia – text in your tax return



🔌 India - mobile Internet is Internet



What We Have Learned

- ⚡ Technological challenges are real, but solvable through innovation
- ⚡ Institutional challenges are far more difficult roadblocks to innovation
 - ⚡ The MICC intends to raise awareness of and address the need to remove such institutional roadblocks in favor of choice, openness, competition and innovation

Why MICC is visiting the FCC

- ⏻ Access to the Internet is increasingly trending towards mobile connections
- ⏻ Mobile operators have demonstrated a willingness to use the control they have over Internet access to:
 - ⏻ Restrict consumer choice,
 - ⏻ Prevent competition,
 - ⏻ Fix and inflate retail pricing, and
 - ⏻ Inhibit innovation in technology and business models.
- ⏻ Formal extension of open Internet principles to the mobile Internet is critical

Barriers to consumer choice

- 🔌 SMS Registration
- 🔌 SMS Campaign approval
- 🔌 SMS Campaign auditing/monitoring
- 🔌 SMS Blocking
- 🔌 Short Code Provisioning
- 🔌 Aggregators / Plausible deniability
- 🔌 Restrictive Carrier billing systems
- 🔌 Arbitrary and Opaque Content Standards
- 🔌 Intentional Crippling of Device Capabilities

Carriers have restricted consumer choice

- ⚡ Arbitrary and opaque content standards enforced
- ⚡ Intentional crippling of device capabilities
- ⚡ Expensive and restrictive approval processes

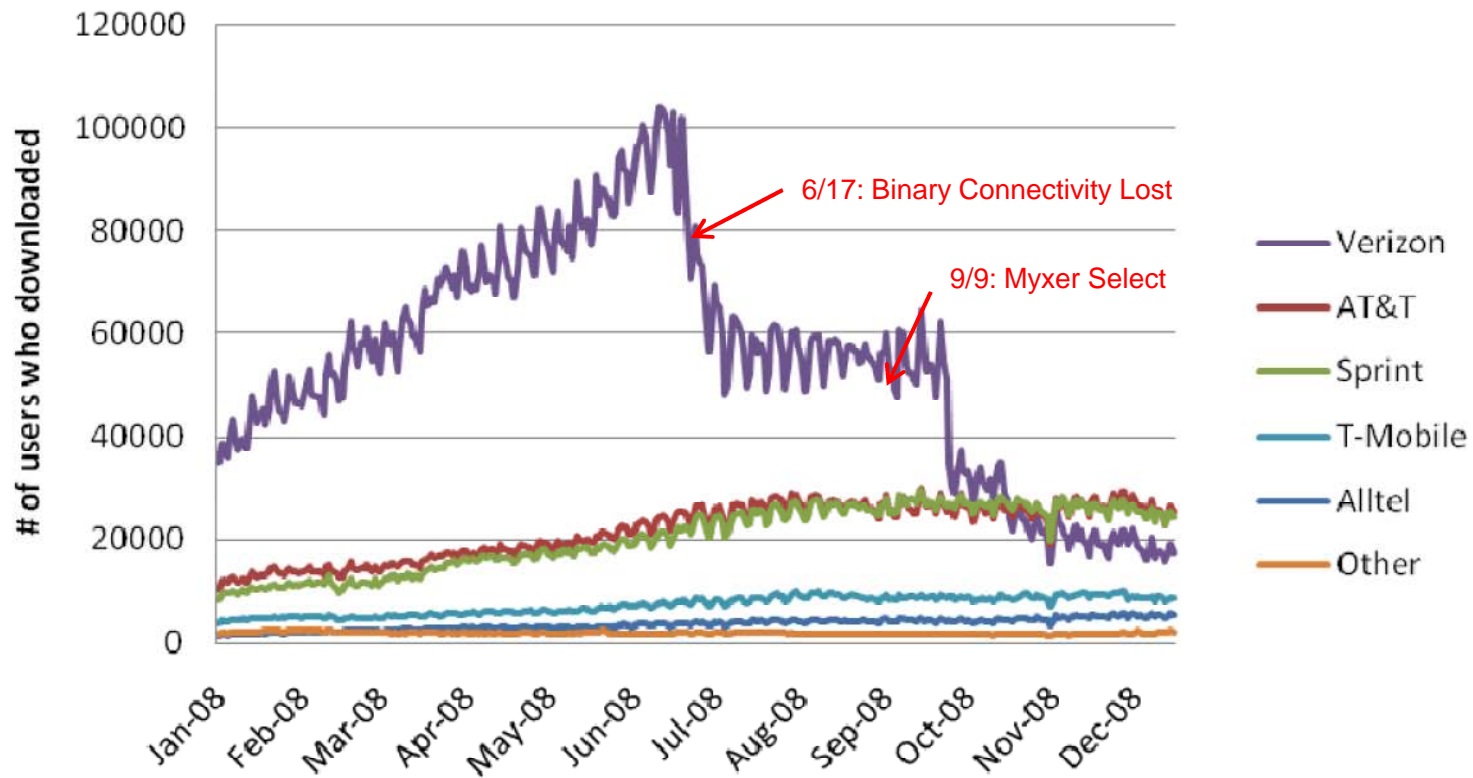
Carriers have inhibited competition

⚡ Prevented use of alternative billing mechanisms

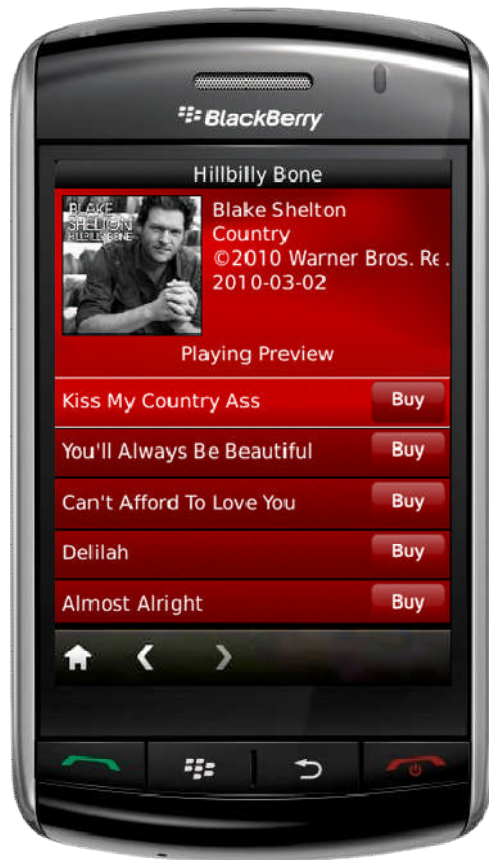
	Alltel	AT&T	Boost	(D)	Nextel	Sprint	Verizon	Wireless	Mobile	US	Wireless	Mobile
Billing Method												
PSMS	N	Y	Y	Y	Y	N	Y	Y	N	Y	Y	Y
FTEU ²⁰	N ²⁶	N	Y	N	N	N ²⁶	N	N	N ²⁶	Y ⁴⁰	N ²⁶	N
Alternative Billing (Credit cards/Paypal)	N	N	N	N	N	N	N	N	N	CBC ²⁰	N	N
Prepaid Handsets	Y ¹²	Y	Y	Y	N	N	N	N	N	N	N	Y

⚡ Denied and/or terminated SMS access of perceived competitive products and services

Daily Desktop-Originated Downloaders by Carrier



Carriers Create A Double Standard For Content

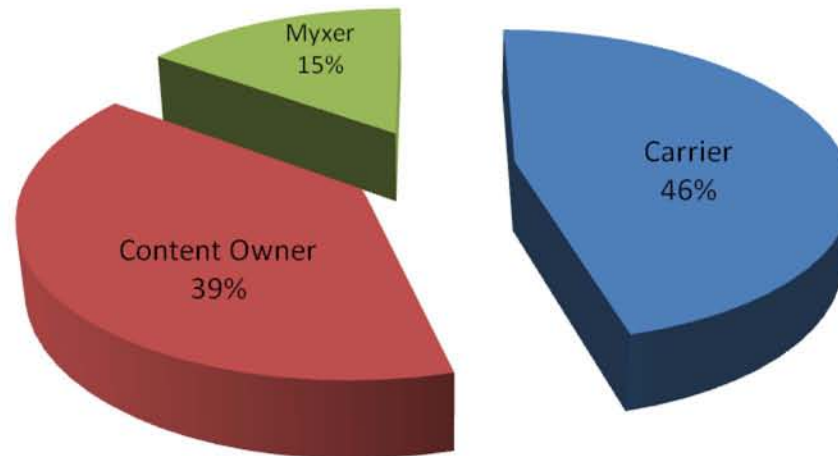


⚡ According to guidelines, “Ass” is a restricted word, preventing Myxer from offering the same content the carrier offers...

Carriers inflate consumer prices for mobile content

- ⚡ Define and enforce permitted retail price-points;
- ⚡ Define and enforce permitted bundling options;
- ⚡ Forbid use of competitive billing mechanisms;
- ⚡ Gouge on transaction costs (up to 50% per retail transaction, vs. 2-5% for comparable internet service)

Revenue Distribution from Premium Content Sales at Myxer

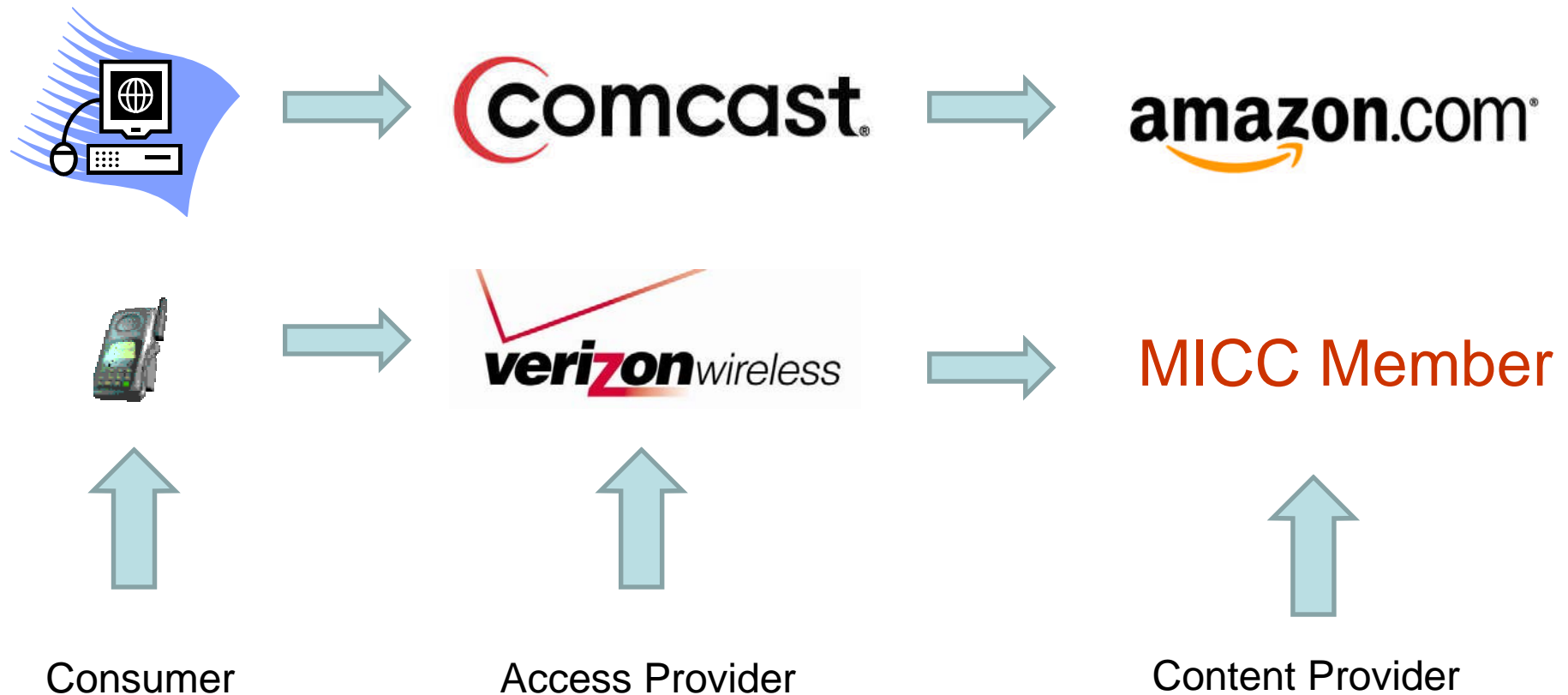


Carriers have prevented adoption of new business models

- ⚡ Explicitly disallow “free to end user” (FTEU) content (e.g., advertising-supported)

	Verizon	Alltel	Cr&T	Boost	(DoT)	Cell	Nextel	Sprint	Verizon	Mobile	US Cellular	Wireless	Mobile
Billing Method													
PSMS	N	Y	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Y
FTEU ²⁰	N ²⁶	N	Y	N	N	N ²⁶	N	N	N ²⁶	Y ⁴⁰	N ²⁶	N	N
Alternative Billing (Credit cards/Paypal)	N	N	N	N	N	N	N	N	N	CBC ²⁰	N	N	N
Pay-as-you-go Handsets	N	Y ¹²	Y ¹¹	Y	N	N	N	N	N	N	N	Y	Y

The Vision: Consumers Control Their Internet Access, Regardless of Access Method



Summary

- Ⓢ Consumer access to MICC members' Internet services and content is through mobile networks.
- Ⓢ Wireless carriers have demonstrated a willingness to use the control they have over Internet & data access to:
 - Ⓢ restrict consumer choice,
 - Ⓢ prevent competition,
 - Ⓢ fix and inflate retail pricing, and
 - Ⓢ inhibit innovation in technology and business models.
- Ⓢ The FCC should:
 - Ⓢ grant Public Knowledge's petition on SMS and
 - Ⓢ extend open Internet principles to the mobile web.